

12/13/2013 DATE IN	SUSPENSE	ENGINEER <i>RE</i>	12/16/2013 LOGGED IN	PLC CTB TYPE	PMAM 1335 0595 65 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jerry W. Sherrell
Print or Type Name

Jerry W. Sherrell
Signature

Production Clerk
Title

12/9/13
Date

jerrys@mec.com
e-mail Address

RECEIVED
2013 DEC 13 PM 1:14



P.O. Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

December 9, 2013

Oil Conservation Division
Attn: David Brooks
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Sir:

Mack Energy Corporation is requesting administrative approval from the NMOCD for approval of surface commingling of production from our Deep Jack #1 Lease(E-5014-6) and Black Jack State Lease(VB-1313). Production from the WC-025 G-06 S183518A, Bone Spring will be commingled at Black Jack State #1 Tank Battery located in the NE/4 SE/4 Sec. 18 T18S R35E. The Black Jack State #1 is currently producing and we are scheduled to drill the Deep Jack #1 this month.

Both leases have identical working interest ownership; however, a difference in royalty and overriding royalty ownership exists between the two leases. All interest owners have been notified of this Application via certified mail.

Allocation for oil and gas will be done using test heater and gas meter as shown in the facility diagram. Each well will be tested periodically to insure accurate allocation.

Should you have any questions please contact me @ 575-748-1288.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: MACK ENERGY CORPORATION

OPERATOR ADDRESS: PO BOX 960 ARTESIA, NM 88211-0960

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

X Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. WC-025 G-06 S183518A, Bone Spring

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify) PERIODIC WELL TESTS

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jerry W. Sherrell

TITLE: PRODUCTION CLERK

DATE: 12-9-2013

TYPE OR PRINT NAME JERRY W. SHERRELL

TELEPHONE NO.: 575-748-1288

E-MAIL ADDRESS: jerrys@mec.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-0161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
900 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-0178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-41499	² Pool Code 97930	³ Pool Name WC-025 G-06 5183518A; Bone Spring
⁴ Property Code 40248	⁵ Property Name DEEP JACK	
⁷ OGRID No. 13837	⁸ Operator Name MACK ENERGY CORPORATION	
		⁶ Well Number 1
		⁹ Elevation 3953.2

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	17	18 S	35 E		2310	SOUTH	990	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>N89°51'03"E 2648.36 FT</p> <p>NW CORNER SEC. 17 LAT. = 32.7549626°N LONG. = 103.487371°W NMSP EAST (FT) N = 639404.07 E = 759933.05</p>		<p>N89°49'48"E 2646.35 FT</p> <p>N/4 CORNER SEC. 17 LAT. = 32.7549234°N LONG. = 103.4792252°W NMSP EAST (FT) N = 639411.06 E = 762580.83</p>		<p>NE CORNER SEC. 17 LAT. = 32.7548863°N LONG. = 103.4706198°W NMSP EAST (FT) N = 639419.02 E = 765226.60</p>	
<p>W/4 CORNER SEC. 17 LAT. = 32.7476829°N LONG. = 103.4877999°W NMSP EAST (FT) N = 636755.69 E = 759965.63</p>		<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1927 (NAD27), AND ARE IN DECIMAL DEGREE FORMAT.</p>		<p>E/4 CORNER SEC. 17 LAT. = 32.7476029°N LONG. = 103.4705847°W NMSP EAST (FT) N = 636769.28 E = 765258.98</p>	
<p>990'</p> <p>2310'</p> <p>SURFACE LOCATION</p> <p>DEEP JACK #1 ELEV. = 3953.2' LAT. = 32.7467389°N (NAD27) LONG. = 103.4845761°W NMSP EAST (FT) N = 636420.16 E = 760959.60</p>					
<p>SW CORNER SEC. 17 LAT. = 32.7404062°N LONG. = 103.4877632°W NMSP EAST (FT) N = 634108.38 E = 759998.05</p>		<p>S/4 CORNER SEC. 17 LAT. = 32.7403647°N LONG. = 103.4791489°W NMSP EAST (FT) N = 634114.54 E = 762646.98</p>		<p>COMPUTED SE CORNER SEC. 17 LAT. = 32.7403366°N LONG. = 103.4705514°W NMSP EAST (FT) N = 634125.76 E = 765290.73</p>	
<p>S89°52'08"W 2649.51 FT</p>		<p>S89°47'55"W 2640.36 FT</p>			

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land, or holds the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or leasing interest, or to a voluntary pooling agreement or a compulsory pooling order or certificate entered by the division.

Jerry W. Sherrell 12-9-2013
Signature Date

Jerry W. Sherrell
Printed Name

jerry@mec.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 24, 2013
Date of Survey

Frank J. [Signature]
Signature and Seal of Professional Surveyor

Certificate Number F1110XFF LAR, M1110, PLS 12797
SURVEY NO. 2390

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Huerfano Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-40533	Pool Code 97930	Pool Name WC-025 G-06 51835 18A; Bone Spring
Property Code 39176	Property Name BLACK JACK STATE	Well Number 1
OGRID No. 013837	Operator Name MACK ENERGY CORPORATION	Elevation 3956'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	18	18-S	35-E		2285	SOUTH	330	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 1</p> <p>38 04 AC LOT 2</p> <p>38 12 AC LOT 3</p> <p>38 20 AC LOT 4</p> <p>38 28 AC</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=636392.5 N X=759640.4 E</p> <p>LAT = 32.746692° N LONG = 103.488867° W</p> <p>BOTTOM HOLE LOCATION Y=636379.9 N X=755070.4 E</p> <p>CORNER COORDINATES TABLE</p> <p>(A) - Y=636742.0 N, X=754737.1 E (B) - Y=636755.6 N, X=759966.0 E (C) - Y=635418.3 N, X=754749.3 E (D) - Y=635432.3 N, X=759982.0 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jerry W. Sherrell</i> 8-30-2012 Signature Date</p> <p>Jerry W. Sherrell Printed Name</p> <p>jerry45@me.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 15, 2012 Date of Survey</p> <p>Signature & Seal of Professional Surveyor: <i>Ronald J. Eidson</i></p> <p>RONALD J. EIDSON NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 3239</p> <p>Certificate Number: 3239 Gary G. Eidson 12641 Ronald J. Eidson 3239 AP</p>
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*** Amended**



P.O. Box 960
Artesia, NM 88211-0960
Office (505) 484-1288
Fax (505) 484-0539

December 9, 2013

Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148

Dear Sir or Madam:

This letter will serve as notice, that Mack Energy Corporation has requested administrative approval from the NMOCD to surface commingle production from the Deep Jack Lease(E-5014-6) and the Black Jack State Lease(VB-1313). Production from the Bone Spring will be commingled at a central tank battery located in the NE/4 SE/4 Sec. 18 T18S R35E. The Black Jack State #1 currently produces at this facility and we are scheduled to drill the Deep Jack #1 soon.

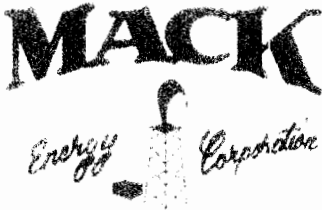
Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the application to surface commingle if no objection has been made within the 20 days after the application has been received.

Sincerely,

Jerry W. Sherrell
Production Clerk
jerrys@mec.com

JWS/

Enclosures



P.O. Box 960
Ardmore, NM 88211-0960
Office (505) 746-4288
Fax (505) 746-9539

December 9, 2013

VIA CERTIFIED MAIL 7013 0600 0001 7892 4372

Plains Production, Inc.
1601 E. 19th Street
Edmond, OK 73013

Dear Sir or Madam:

This letter will serve as notice, that Mack Energy Corporation has requested administrative approval from the NMOCD to surface commingle production from the Deep Jack Lease(E-5014-6) and the Black Jack State Lease(VB-1313). Production from the Bone Spring will be commingled at a central tank battery located in the NE/4 SE/4 Sec. 18 T18S R35E. The Black Jack State #1 currently produces at this facility and we are scheduled to drill the Deep Jack #1 soon.

Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the application to surface commingle if no objection has been made within the 20 days after the application has been received.

Sincerely,

A handwritten signature in cursive script that reads "Jerry W. Sherrell".

Jerry W. Sherrell
Production Clerk

JWS/

Enclosures

M E M O

DATE: October 11, 2013

TO: NMOCD

FROM: STACI SANDERS

MACK ENERGY CORPORATION

RE: **SURFACE COMMINGLE / OFF LEASE STORAGE**

DEEP JACK STATE

BLACK JACK STATE

ST NM E-5014-6

ST NM VB-1313

NW/4SW/4 SEC. 17, T18S, R35E

SE/4 SEC. 18, T18S, R35E

LEA COUNTY, NEW MEXICO

LEA COUNTY, NEW MEXICO

Mack Energy Corporation respectfully requests approval to surface commingle production from our Deep Jack State Lease and Black Jack State Lease. Once the Deep Jack State #1 well is drilled it will produce from the Bone Springs formation. The Black Jack State #1 well also produces from the Bone Springs formation. Production from both leases will be commingled at the Black Jack State tank battery located in the NE/4 SE/4 of Sec. 18, T18S, R35E.

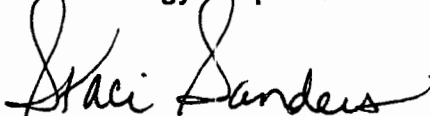
The working interests in these two leases are identical, but the net revenue interests are different due to an override and the royalty interests. See the attached lists.

Allocation for the oil and gas will be done using periodic well tests and a test gas meter.

Please do not hesitate to contact me should you require any further information.

Sincerely,

Mack Energy Corporation



Staci Sanders
Land Department

Black Jack State – Interest Owners

Commissioner of Public Lands P.O. Box 25627 Denver, CO 80225-0627	.00000000	.18750000 RI
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Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211	.85000000	.69062500 WI
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Robert C. Chase P.O. Box 297 Artesia, NM 88211	.05000000	.04062500 WI
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Ventana Minerals LLC P.O. Box 359 Artesia, NM 88211	.05000000	.04062500 WI
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DiaKan Minerals LLC P.O. Box 693 Artesia, NM 88211	.05000000	.04062500 WI
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Totals	1.00000000	1.00000000
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Deep Jack State – Interest Owners

Commissioner of Public Lands P.O. Box 25627 Denver, CO 80225-0627	.00000000	.12500000 RI
Plains Production, Inc. 1601 E. 19 th Street Edmond, OK 73013	.00000000	.06000000 OR
Chase Oil Corporation P.O. Box 1767 Artesia, NM 88211	.85000000	.69275000 WI
Robert C. Chase P.O. Box 297 Artesia, NM 88211	.05000000	.04075000 WI
Ventana Minerals LLC P.O. Box 359 Artesia, NM 88211	.05000000	.04075000 WI
DiaKan Minerals LLC P.O. Box 693 Artesia, NM 88211	.05000000	.04075000 WI
Totals	1.00000000	1.00000000